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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

BALA MULLUR, Individually and On) Case No.
Behalf of All Others Similarly Situated,)
Plaintiff,) **COMPLAINT FOR VIOLATIONS OF THE**
v.) **FEDERAL SECURITIES LAWS**
QUANTUMSCAPE CORPORATION)
F/K/A KENSINGTON CAPITAL)
ACQUISITION CORP., JAGDEEP)
SINGH, FRITZ PRINZ, TIMOTHY)
HOLME, and KEVIN HETTRICH,)
Defendants.)

)

DEMAND FOR JURY TRIAL

COMPLAINT FOR VIOLATIONS OF THE FEDERAL
SECURITIES LAWS

1 Plaintiff Bala Mullur (“Plaintiff”), individually and on behalf of all others similarly situated,
 2 by Plaintiff’s undersigned counsel, alleges the following based upon personal knowledge as to Plaintiff
 3 and his own acts, and upon information and belief as to all other matters based on the investigation
 4 conducted by and through Plaintiff’s counsel, which included, *inter alia*, a review of Securities and
 5 Exchange Commission (“SEC”) filings by QuantumScape Corporation (“QuantumScape” or the
 6 “Company”), as well as media, conference call transcripts, news, and analyst reports about the
 7 Company. Plaintiff believes that substantial additional evidentiary support will exist for the allegations
 8 set forth herein after a reasonable opportunity for discovery.

9 **SUMMARY OF THE ACTION**

10 1. This is a securities fraud class action on behalf of all investors who purchased or
 11 otherwise acquired QuantumScape publicly traded securities between November 27, 2020 and April
 12 14, 2021, inclusive (the “Class Period”), seeking remedies under §§ 10(b) and 20(a) of the Securities
 13 Exchange Act of 1934 (the “Exchange Act”), and SEC Rule 10b-5 promulgated thereunder.
 14 Defendants include QuantumScape and certain of its senior executives and directors.

15 2. Defendant QuantumScape develops and commercializes solid-state lithium-metal
 16 batteries for electric vehicles (“EVs”). Founded in 2010 and headquartered in San Jose, California,
 17 QuantumScape was taken public through a combination with a special purpose acquisition corporation
 18 (“SPAC”) called Kensington Capital Acquisition Corp. (“Kensington”). The transaction closed on
 19 November 25, 2020 (the “Closing Date”). On November 27, 2020, QuantumScape’s Class A common
 20 stock began trading on the New York Stock Exchange (“NYSE”) under the ticker symbol “QS” and
 21 its publicly traded warrants traded on the NYSE under the ticker symbol “QS.WS.”

22 3. Throughout the Class Period, the Defendants (*see ¶¶ 14-20, infra*) made materially false
 23 and misleading statements about the strength of QuantumScape’s business, operations, and financial
 24 prospects. Among other things, in connection with their claims that the Company was “developing
 25 next generation battery technology for EVs and other applications,” Defendants stated that they
 26 “believe[d] that [the Company’s] technology [would] enable a new category of battery that meets the
 27 requirements for broader market adoption” and that the “lithium-metal solid-state battery technology

1 that . . . QuantumScape is developing is being designed to offer greater energy density, longer life,
 2 faster charging, and greater safety when compared to today's conventional lithium-ion batteries."
 3 Having overstated the value of the Company's business metrics and financial prospects,
 4 QuantumScape was able to complete the combination with Kensington and to commence an
 5 underwritten secondary public stock offering (the "SPO") of its publicly traded securities "at market
 6 price," registering for resale more than 300 million shares of QuantumScape publicly traded securities
 7 by insiders beginning on December 31, 2020, including several QuantumScape senior executives.
 8 Then, Defendants launched an additional offering of 13 million shares to the public on March 22,
 9 2021.

10 4. Defendants concealed multiple known risks with QuantumScape's solid-state battery
 11 development and design that rendered the batteries "completely unacceptable for real world field
 12 electric vehicle performance." As was later revealed, the power of QuantumScape batteries "will only
 13 last for 260 cycles or about 75,000 miles of aggressive driving" and, because solid-state batteries are
 14 temperature sensitive, "power and cycle tests at 30 and 45 degrees above would have been significantly
 15 worse if run even a few degrees lower."

16 5. The truth was revealed to the market in two separate and related disclosures about the
 17 Company's operations which were made to investors in publicly disseminated research reports
 18 published on January 4, 2021 and April 15, 2021, respectively.

19 6. Before the market opened on January 4, 2021, *Seeking Alpha* published a research
 20 report by Dr. Brian Morin, titled *QuantumScape's Solid State Batteries Have Significant Technical*
Hurdles to Overcome ("Morin Report"). QuantumScape's common stock declined from a closing price
 21 of \$84.45 per share on December 31, 2020 (the last trading day before the market reopened on January
 22 4, 2020) to close at \$49.96 per share on January 4, 2021—a stunning and precipitous decline of \$34.49
 23 per share, or a one-day decline of 40.8%.

25 7. Then, on April 15, 2021, Scorpion Capital published a 188-page report providing new
 26 information (but related to the Morin Report) about Defendants' Class Period wrongdoing, titled
 27 *QuantumScape (NYSE: QS): A Pump and Dump SPAC Scam by Silicon Valley Celebrities, That Makes*

Theranos Look Like Amateurs (“Scorpion Capital Report”). The Scorpion Capital Report for the first time highlighted six allegedly “phony claim[s]” by Defendants regarding, *inter alia*: (i) the battery’s solid-state material resistance to dendrites; (ii) the battery’s performance in low temperatures; (iii) the battery’s ability to fast-charge to 80% capacity in under 15 minutes; (iv) the battery’s lifespan, including whether or not it could reach over 1,000 charge/discharge cycles; (v) the battery’s lifespan in low temperatures; and (vi) whether or not the battery had an “aggressive automotive power profile.”

8. The Scorpion Capital Report, which was supported by interviews with former QuantumScape and Volkswagen employees and numerous independent battery experts, sent shares of QuantumScape's common stock tumbling from \$40.85 on April 14, 2021 to close at \$35.85 on April 15, 2021—a decline of 12.24%, on unusually heavy volume of approximately 59 million shares.

9. Plaintiff and the Class were damaged thereby.

JURISDICTION AND VENUE

10. The claims asserted herein arise under §§ 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5). This Court has jurisdiction over the subject matter of this action under 28 U.S.C. § 1331 and § 27 of the Exchange Act (15 U.S.C. § 78aa).

11. Venue is proper in this District pursuant to § 27 of the Exchange Act because QuantumScape is headquartered in this District and many of the false and misleading statements alleged herein were disseminated from this District.

12. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

13. Plaintiff Bala Mullur purchased or otherwise acquired QuantumScape publicly traded securities during the Class Period, as set forth in the accompanying certification incorporated by reference herein and has been damaged thereby.

14. Defendant QuantumScape Corporation is a San Jose, California-based developer and manufacturer of EV batteries. As of December 23, 2020, the Company had approximately 208 million shares of its Class A common stock and 156 million shares of its Class B common stock issued and outstanding. Shares of Class B common stock have 10 votes per share, while shares of Class A common stock have 1 vote per share.

15. As of December 23, 2020, the holders of the Class B common stock controlled approximately 88.3% of the voting power of the Company's capital stock. Following the Closing Date, the Company's executive officers, directors, and their affiliates as a group beneficially owned approximately 38% of the QuantumScape Class A common stock and 40.86% of the QuantumScape Class B common stock outstanding, representing 40.76% of the Company's voting power.

16. Defendant Jagdeep Singh (“Singh”) is, and was at all relevant times, a co-founder and the Chief Executive Officer (“CEO”) of QuantumScape and the Chairman of its Board of Directors. Defendant Singh sold shares in the SPO.

17. Defendant Fritz Prinz (“Prinz”) is, and was at all relevant times, a co-founder and a member of QuantumScape’s Board of Directors. Defendant Prinz sold shares in the SPO.

18. Defendant Timothy Holme (“Holme”) is, and was at all relevant times, a co-founder and Chief Technology Officer of QuantumScape. Defendant Holme sold shares in the SPO.

19. Defendant Kevin Hettrich (“Hettrich”) is, and was at all relevant times, the Chief Financial Officer of QuantumScape. Defendant Hettrich sold shares in the SPO.

20. Defendants Singh, Prinz, Holme, and Hettrich are sometimes referred to herein as the “Individual Defendants.” QuantumScape, and the Individual Defendants are sometimes referred to herein, collectively, as “Defendants.”

BACKGROUND

21. Defendants Singh, Prinz, and Holme founded QuantumScape in 2010. In 2012, QuantumScape began working with Volkswagen Group of America, Inc. (“Volkswagen”) and Volkswagen Group of America, LLC (“VGA”) to develop an EV battery. In 2018, VGA invested \$100 million in the Company, becoming its largest shareholder. That same year, Volkswagen, VGA, and

1 QuantumScape announced the establishment of a joint production project to prepare solid-state
 2 batteries for mass production. In June 2020, VGA made an additional \$200 million investment into
 3 the Company.

4 22. On September 3, 2020, QuantumScape announced a merger with Kensington. Upon
 5 completion of the transaction, QuantumScape would receive \$1 billion in financing, including funding
 6 from VGA and the Qatar Investment Authority.

7 23. The same day, QuantumScape and Kensington issued a joint press release announcing
 8 their merger. The release described QuantumScape as “a leader in the development of next generation
 9 solid-state lithium-metal batteries for use in electric vehicles,” and stated that, “[i]n the decade since
 10 the company was founded, QuantumScape has been exclusively focused on developing solid-state
 11 batteries and designing a scalable manufacturing process to commercialize its battery technology for
 12 the automotive industry.” The release further stated that “QuantumScape believes the proceeds from
 13 this transaction will fully fund the company through the start of production via its joint venture with
 14 the Volkswagen Group.” The release also highlighted the strength of QuantumScape’s battery
 15 technology, stating in pertinent part as follows:

16 Jagdeep Singh, Founder and Chief Executive Officer of QuantumScape, commented,
 17 “Today marks an important milestone of advancing QuantumScape’s effort in
 18 developing ***the next generation of solid-state batteries to meet the needs of all future***
electric vehicles as the world transitions to zero emissions. Ten years ago, we embarked
 19 upon an ambitious goal that most thought was impossible. Through the tireless work
 20 of QuantumScape’s more than 200 scientists and engineers, and our partnership with
 21 Volkswagen since 2012, we have developed a new battery technology that is unlike
 22 anything else in the world. We are now excited to partner with Kensington’s unique
 23 team of world-class automotive executives, who share our vision of a cleaner and safer
 24 future powered by QuantumScape. This vote of confidence from investors, and the
 25 capital provided by this transaction, will drive a more sustainable future for generations
 26 to come.”

27 Justin Mirro, Chairman and Chief Executive Officer of Kensington, who will join the
 28 combined company Board of Directors, added, “We are extremely excited and honored
 29 to partner with QuantumScape, as this represents a unique opportunity to invest in a
 30 pure-play battery company ***that is positioned to transform the auto industry***.
 31 Kensington considered hundreds of automotive companies and QuantumScape stands
 32 out as ***the leading company to play a pivotal role in the advancement of electric***
vehicles. Through the vision and leadership of Jagdeep Singh, QuantumScape has
 33 created a world-class team that ***is developing the next generation of solid-state***

batteries that will achieve the future performance requirements of leading vehicle manufacturers. By combining QuantumScape with Kensington's deep industry expertise and capital from this transaction, we are confident that QuantumScape's investment thesis has been significantly enhanced."

* * *

Former Tesla Chief Technology Officer and current QuantumScape board member JB Straubel commented, “QuantumScape’s solid-state anode-less design represents the most elegant architecture I’ve seen for a lithium-based battery system, and *the company has an opportunity to redefine the battery landscape.*”

Venture capitalist, co-founder of Sun Microsystems, and current QuantumScape board member Vinod Khosla added, “When we backed QuantumScape ten years ago, we knew it was a bold vision to transform one of the world’s largest industries. We are therefore thrilled that the team *has developed technology that addresses the single largest cost component and deficiency of electric cars, the battery*. By *enabling greater range and much faster charge times*, we believe QuantumScape’s technology will assist EVs in becoming significantly more competitive with traditional internal combustion engine vehicles, paving the way for greater adoption and a greener future.”

“The merger with Kensington and associated PIPE transaction *allows us to fund our business plans to first production*,” continued Jagdeep Singh. “We look forward to executing on continued product development and validation *through to first revenue* and what we believe will be significant growth thereafter.”¹

24. Kensington's chairman and then-CEO Justin Mirro opened a conference call held with investors and stock analysts that day stating in pertinent part:

In our view, the single greatest mega-trend and structural paradigm shift in the automotive industry today is the advancement of electric mobility. Many global automobile manufacturers are accelerating their transition to electric vehicles, as reflected by the hundreds of billions of dollars expected to be invested into this sector over the next five years. Through the vision and leadership of founder and CEO, Jagdeep Singh, QuantumScape *is developing the next generation of solid-state lithium-metal batteries for use in these vehicles*. In doing so, QuantumScape is redefining the frontier of battery technology, and *positioning the company to play a pivotal role in the electrification of the global automotive fleet*.

Kensington is an automotive-focused SPAC with more than 300 combined years of automotive experience leading some of the largest automobile manufacturers and suppliers in the world. ***It is with this significant expertise that we underwent an extensive due diligence process to identify the best long-term investment for Kensington's shareholders.*** Our search involved hundreds of prospects, and after

All emphasis added unless otherwise noted.

1 several rounds of narrowing our focus on investment opportunities, QuantumScape
 2 emerged as the most attractive partner for us and a company that we firmly believe ***will***
shape the future of the auto industry.

3 Our process involved reviewing the technical, commercial, and financial results of
 4 QuantumScape and then using global automotive standards to validate the company's
 business plan.

5 25. Defendant Singh began his remarks at the September 3, 2020 conference stating in
 6 pertinent part as follows:

7 I know I speak on behalf of the entire QuantumScape team when I say that I am
 8 delighted to announce this transaction with Kensington that ***we expect will allow us to***
commercially deploy our disruptive battery technology for the benefit of many around
 9 the world.

10 We believe that a once-in-a-century event is in the early days of unfolding with the
 11 electrification of the automotive industry. Today, just 2% of all vehicles sold are
 electric. If electrification of the automotive powertrain were to reach its full potential,
 we see a battery industry that can generate hundreds of billions of dollars of revenue
 per year for the next several decades. Further, ***our business is at the core of***
sustainability and addresses key ESG attributes that are so critical to so many, as our
technology enables a reduction in global CO2 emissions, is designed around
abundant resources, and enables clean energy sources.

15 In fact, there is probably no greater vote of confidence than Volkswagen's
 16 announcement that they have decided to enter into a manufacturing joint venture with
 QuantumScape to prepare for mass production of these solid-state batteries for use by
 their company. Based on our engagement with VW, we believe we are the only
 18 company to have successfully developed such a technology with automotive OEM
 validation.

19 * * *

20 21 Turning back to our product and technology – we believe our lithium-metal battery
 22 technology is a game changer. Our solid-state battery technology addresses the key
 23 limitations of traditional lithium-ion battery technology, and we think this positions
 EVs to be much more competitive with internal combustion engine vehicles that today
 account for 98% of all vehicles sold. Our technology is supported by more than 200
 24 patents, including patents pending, and extensive trade secrets. These will be
 instrumental in keeping us ahead of the competitive curve.

25 We believe our battery technology provides five key benefits as compared to traditional
 26 lithium-ion technology that makes our offering the ideal solution for use in electric
 vehicles:

27 • ***Higher energy density***

- *Faster charge times*
- *Improved battery cycle life*
- *Enhanced safety, and*
- *Lower cost*

26. Defendant Singh then purportedly detailed each of those five “core factors,” providing more positive commentary about the combined Company’s business metrics and financial prospects. These statements remained alive and uncorrected in the market throughout the Class Period.

27. The Company's securities began trading on the NYSE on November 27, 2020.

FALSE AND MISLEADING CLASS PERIOD STATEMENTS

28. The Class Period commences on November 27, 2020 when QuantumScape and Kensington issued a joint press release characterizing QuantumScape as “a leader in the development of next generation solid-state lithium-metal batteries for use in electric vehicles,” further stating in pertinent part as follows:

Since the company was founded in 2010, QuantumScape has been exclusively focused on developing solid-state batteries and designing a scalable manufacturing process to commercialize its battery technology for the automotive industry. *Through its elegant “anode-less” design, QuantumScape’s solid-state lithium-metal batteries are designed to be safer, and to deliver greater range, faster charge times and improved cycle life, than today’s conventional lithium-ion battery technology.*

“Today marks a big step in the evolution of our company,” commented Jagdeep Singh, Founder and Chief Executive Officer of QuantumScape. ***This transaction allows QuantumScape to fund development and commercialization of our OEM-validated battery technology as we look forward to playing our part in the electrification of the automotive powertrain, helping transform one of the world’s largest industries and fostering a cleaner future for all.***”

Justin Mirro, Chairman and Chief Executive Officer of Kensington, added, “we are incredibly excited to complete our business combination with QuantumScape and to provide the company with significant capital and automotive guidance to accelerate its business plan. The adoption of electric vehicles has emerged as the global mega-trend in the automotive industry, and *QuantumScape is now well positioned to become a leading supplier of solid-state batteries for this next generation of electric powertrains.*”

29. On December 8, 2020, QuantumScape issued a press release further detailing the purported strength of its battery technology, stating in pertinent part as follows:

QuantumScape Releases Performance Data for its Solid-State Battery Technology

Data demonstrates high energy density solid-state lithium-metal battery technology that improves life, charging time, and safety

QuantumScape Corporation (NYSE: QS, or “QuantumScape”), a leader in the development of next generation solid-state lithium-metal batteries for use in electric vehicles (EVs), has released performance data *demonstrating that its technology addresses fundamental issues holding back widespread adoption of high-energy density solid-state batteries, including charge time (current density), cycle life, safety, and operating temperature.*

A commercially-viable solid-state lithium-metal battery is an advancement that the battery industry has pursued for decades, as it holds the promise of a step function increase in energy density over conventional lithium-ion batteries, enabling electric vehicles with a driving range comparable to combustion engine based vehicles. ***QuantumScape's solid-state battery is designed to enable up to 80% longer range compared to today's lithium-ion batteries.*** Previous attempts to create a solid-state separator capable of working with lithium metal at high rates of power generally required compromising other aspects of the cell (cycle life, operating temperature, safety, cathode loading, or excess lithium in the anode).

QuantumScape's newly-released results, based on testing of single layer battery cells, show its solid-state separators are capable of working at very high rates of power, enabling a 15-minute charge to 80% capacity, faster than either conventional battery or alternative solid-state approaches are capable of delivering. In addition, the data shows QuantumScape battery technology is capable of lasting hundreds of thousands of miles, and is designed to operate at a wide range of temperatures, including results that show operation at -30 degrees Celsius.

“The hardest part about making a working solid-state battery is the need to simultaneously meet the requirements of high energy density (1,000 Wh/L), fast charge (i.e., high current density), long cycle life (greater than 800 cycles), and wide temperature-range operation. This data **shows QuantumScape’s cells meet all of these requirements**, something that has never before been reported. If QuantumScape can get this technology into mass production, **it holds the potential to transform the industry**,” said Dr. Stan Whittingham, co-inventor of the lithium-ion battery and winner of the 2019 Nobel prize in chemistry.

“These results blow away what was previously thought to be possible in a solid-state battery,” said Venkat Viswanathan, battery expert and professor of materials science at Carnegie-Mellon University. **“Supporting high enough current density to enable fast charge without forming dendrites has long been a holy grail of the industry. This data**

1 *shows the capability to charge to 80% capacity in 15 minutes, corresponding to an*
 2 *astonishingly high rate of lithium deposition of up to a micron per minute.”*

3 “We believe that the performance data we’ve unveiled today *shows that solid-state*
 4 *batteries have the potential to narrow the gap between electric vehicles and internal*
 5 *combustion vehicles and help enable EVs to become the world’s dominant form of*
 6 *transportation,”* said Jagdeep Singh, founder & CEO of QuantumScape. “Lithium-ion
 7 provided an important stepping stone to power the first generation of EVs. We believe
 8 QuantumScape’s lithium-metal solid-state battery technology *opens the automotive*
 9 *industry up to the next generation battery and creates a foundation for the transition*
 10 *to a more fully electrified automotive fleet.”*

11 * * *

12 Beyond its ability to function at high rates of power while delivering high energy
 13 density, other key characteristics of QuantumScape’s solid-state lithium-metal battery
 14 technology include:

- 15 • **Zero excess lithium:** In addition to eliminating the carbon or carbon/silicon
 16 anode, QuantumScape’s solid-state design further increases energy density
 17 because it uses no excess lithium on the anode. Some previous attempts at solid-
 18 state batteries used a lithium foil or other deposited-lithium anode, which reduces
 19 energy density.
- 20 • **Long life:** Because it eliminates the side reaction between the liquid electrolyte
 21 and the carbon in the anode of conventional lithium-ion cells, QuantumScape’s
 22 battery technology is designed to last hundreds of thousands of miles of driving.
 23 Alternative solid-state approaches with a lithium metal anode typically have not
 24 demonstrated the ability to work reliably at close to room temperatures (30
 25 degrees Celsius) with zero excess lithium at high current densities (>3mAh/cm²)
 26 for more than a few hundred cycles, and result in a short-circuit or capacity loss
 27 before the life target is met. By contrast, today’s test results show that
 28 QuantumScape’s battery technology is capable of running for over 800 cycles
 29 with greater than 80% capacity retention.
- 30 • **Low-temperature operation:** QuantumScape’s solid-state separator is designed
 31 to operate at a wide range of temperatures, and it has been tested to -30 degrees
 32 Celsius, temperatures that render some other solid-state designs inoperable.
- 33 • **Safety:** QuantumScape’s solid-state separator is noncombustible and isolates the
 34 anode from the cathode even at very high temperatures—much higher than
 35 conventional organic separators used in lithium-ion batteries.

36 30. On December 17, 2020, QuantumScape filed a registration statement with the SEC on
 37 Form S-1 registering for resale 305,114,065 shares of QuantumScape Class A common stock and
 38 another 6,650,000 warrants to purchase shares of QuantumScape Class A common stock. After several

1 amendments, the registration statement was declared effective by the SEC on December 31, 2020 and
 2 the SPO commenced. Among other existing shareholders, the SPO registration statement registered
 3 for resale more than 49.5 million shares by Defendants Singh and Prinz collectively, 2.6 million shares
 4 by Defendant Hettrich, more than 15 million shares by Defendant Holme, and approximately 71
 5 million shares by VGA.

6 31. Each of Defendants' statements set forth in ¶¶ 28-29 were materially false and
 7 misleading when made because they misrepresented and/or omitted material facts necessary to make
 8 the statements made not misleading, including that the:

- 9 (a) Company's battery technology was not sufficient for electric vehicle performance
 10 as it would not be able to withstand the aggressive automotive environment;
- 11 (b) Company's battery technology likely provided no meaningful improvement over
 12 existing battery technology;
- 13 (c) successful commercialization of the Company's battery technology was subject
 14 to much more significant risks and uncertainties than Defendants had disclosed;
 15 and
- 16 (d) As a result of the foregoing, Defendants materially overstated the value and
 17 prospects of the Company's battery technology.

18 **THE TRUTH IS GRADUALLY REVEALED**

19 32. On January 4, 2021, pre-market, *Seeking Alpha* published a brief research report by Dr.
 20 Morin entitled *QuantumScape's Solid State Batteries Have Significant Technical Hurdles to*
21 Overcome. The Morin Report emphasized that "QuantumScape's science is very good," "[b]ut their
 22 batteries are small and unproven – not yet as big as an iWatch battery, and never tested outside a lab,"
 23 adding that "[t]here are significant risks associated with solid state batteries that have not been
 24 overcome – a list below," and emphasizing that "[t]hey will likely never achieve the performance they
 25 claim."

26 33. Dr. Morin serves as Director and Vice President of the National Alliance for Advanced
 27 Technology Batteries. Dr. Morin has a PhD in materials physics from the Ohio State University and

1 has authored over 250 global patent applications on subjects including molecular magnets, plastics
 2 additives, textiles, advanced fibers, textiles, and lithium-ion batteries. Applying his specialized
 3 education, training, experience, and specialized knowledge of science, Dr. Morin examined
 4 QuantumScape's technological claims and statements about its technological and manufacturing
 5 strategies and offerings to arrive at his conclusions.

6 34. Detailing the "Areas of Overstated Success," the Morin Report stated:

7 All of these areas below are described as successful, because they are much better than
 8 has been achieved with solid state batteries in the past. But they are completely
 9 unacceptable for real world field electric vehicle performance.

- 10 • **Power:** They have done 1200 cycles of a 90 second OEM specified track
 simulation, which pulled pulses of 6C. In this track, 9 circuits is full depth of
 11 discharge, after which the battery was heated to 45 degrees C (113 degrees F)
 12 and charged to 80% in 15 minutes. The cell lost about 10% of its capacity in this
 13 130 cycle full-depth-of-discharge (FDOD) cycle test, meaning the battery will
 14 only last for 260 FDOD cycles or about 75,000 miles of aggressive driving. There
 15 is a note on the slide that it occurs at 3.4 atm, which likely means at high pressure.
 16 I'll comment on this later.
- 17 • **Range:** In much gentler, 1C / 1C cycling at 30 degrees C, the cell makes it for
 18 800 cycles, or 240,000 miles. Respectable, but not better than the vehicles on the
 19 road today.
- 20 • **Low Temperature Operation:** They show discharge curves at 0 to -30 degrees
 21 Celsius, achieving 90 - 130 mAh/g. Comparing to NMC811 active specific
 22 capacity of 200 Ah/kg, the available current is from 45 - 65% of the room
 23 temperature capacity, but with an accompanying significant voltage drop. Based
 24 on voltage drop, capacity loss and the low rate of this test, this author estimates
 25 between a 50 – 80% loss in range during cold months. Also, note that the
 26 temperature capability of solid state batteries is VERY temperature sensitive –
 27 thus the power and cycle tests at 30 and 45 degrees above would have been
 significantly worse if run even a few degrees lower.
- 28 • **Low Temperature Life:** They show 100 or so cycles at -10 degrees C.
 Respectable, except that these cycles are at C/5 charge and C/3 discharge. Thus,
 not 80% in 15 minutes, but rather 5% charge in 15 minutes.
- **Energy Density:** They talk about being able to get to an energy density of 400
 Wh/kg, which would be great. However, they clearly have not yet, as all their
 graphs are normalized to 100%, not to an actual capacity. And Amprius is already
 making cells with 450 Wh/kg, and Tesla claimed on their Battery Day that they
 could achieve 350 Wh/kg. So, while nice, this energy density they hope to

1 achieve in 2028 will not beat today's state of the art, and will not be state of the
 2 art when it is achieved.

3 35. Detailing certain "Other Significant Challenges," the Morin Report revealed in
 4 pertinent part that:

5 There are other challenges they do not mention, which will have to be overcome before
 6 they can put the first car in the field. Remember that they have spent \$300 million so
 7 far, so these are not challenges that they didn't have the resources to address, but rather
 8 ones they have not solved yet and so remain silent about. Many of these are related,
 9 and come from the fact that they are using a brittle, ceramic electrolyte. These include:

- 10 • **Multi-layer cells:** They have been unable to make multi-layer cells. My
 11 expectation is that it is because of the unstable interface between the cathode,
 12 which expands as much as 10% on discharge, and the solid state electrolyte,
 13 which will not expand at all. They likely do their cycling under high isostatic
 14 pressure (remember the 3.4 atm mentioned earlier?), which will not flow through
 15 to inner layers. The inner layers will also be more rigidly constrained, so suffer
 16 more from the interfacial decay with cycling. Needless to say, 100,000 of their
 17 tiny pouch cells will never make a practical vehicle. It's important to mention
 18 here that, if your technology works, making a multilayer pouch cell is an easy
 19 afternoon's work.
- 20 • **Vibration and Dendrites:** The electrolyte is very, very stiff. It is well
 21 documented that dendrites will not grow through solid, single crystal garnet
 22 electrolytes. However, they grow freely at grain boundaries and defects. In their
 23 pristine, temperature and pressure controlled and vibration-free labs, they can get
 24 the cells to cycle. But in a rugged SUV or on our terrible South Carolina roads,
 25 cracks and other defects will become plentiful and dendrites will grow. This will
 26 in the best case destroy cycle life, and in the worst cause the battery to explode.
- 27 • **Lithium Metal Ignition:** They tout using lithium metal to increase energy
 28 density. But they don't mention that lithium metal auto-ignites at 179 degrees
 Celsius, generation 200 - 300 kJ/mol, or 30 - 40 kJ/g, a massive amount of energy
 – about *three times higher* than ethylene carbonate, a common component of
 lithium ion electrolytes. Pure lithium is the second most energetic element behind
 beryllium, and could be used as a component of rocket fuel (with an oxidant). In
 essence, they have replaced a burning separator and electrolyte for a much more
 flammable and energetic burning anode. There is plenty enough energy in the
 battery to raise the lithium to its ignition temperature, and if exposed to oxygen
 or water, it will likely ignite itself. There is plenty of oxygen available in the
 cathode materials.
- 29 • **Cost:** They claim lower cost, but are actually eliminating only one of the least
 30 expensive components – graphite. While this is true, they will have the added
 31 cost of building up their thin ceramic electrolyte and sintering it at high

temperatures. My guess is that early on, their yields will be just terrible, if they can achieve production scale at all.

(Emphasis in original.)

36. The Morin Report provided a “Summary,” concluding, *inter alia*, that:

Given their success so far and their access to capital, I do think QuantumScape will succeed in getting a battery to market. However:

- It will have lower energy density than Amprius has achieved today.
- It will likely first show up in watches and wearables, then maybe phones.
- It will take much longer and cost much more to scale than they think.
- It will not be able to withstand the aggressive automotive environment.
- It will be far more expensive than today's lithium ion batteries, and will likely never achieve lower cost than contemporary lithium ion batteries.
- Once a suitable cell size is made, it may not be any safer than today's lithium ion batteries.

37. Upon publication of the Morin Report, the Company's publicly traded securities fell precipitously, declining 41% on January 4, 2020, on unusually high trading volume of more than 82 million shares traded.

38. The Company subsequently consummated a secondary offering of over 13 million shares to investors on March 22, 2021 pursuant to a Registration Statement filed with the SEC on Form S-1, which was declared effective by the SEC on March 25, 2021 and closed on March 25, 2021.

39. Then, on April 15, 2021, a research firm called Scorpion Capital published the 188-page Scorpion Capital Report, describing QuantumScape in its title as "*A Pump and Dump SPAC Scam by Silicon Valley Celebrities, That Makes Theranos Look Like Amateurs.*" The Scorpion Capital Report quoted a former employee of QuantumScape (No. 4), who stated:

Jagdeep is a great seller. When I was there, I was amazed that he was able to raise so much capital with such little data. I agree with whoever you talked to that said he goes to the edge of the line. I've worked for many CEO's, and *I'm more in the camp of being honest with your investors. That's not the QuantumScape way.*²

2 Emphasis in the original.

1 40. The Scorpion Capital Report outlined six purportedly “phony claim[s],” by the
 2 Defendants, regarding the following subjects:

- 3 (a) The solid-state material’s resistance to dendrites;
- 4 (b) The battery’s performance in low temperatures;
- 5 (c) The battery’s purported ability to fast-charge to 80% in under fifteen minutes;
- 6 (d) The battery’s purported long life of more than one thousand charge/discharge
 7 cycles;
- 8 (e) The battery’s longevity in low temperatures; and
- 9 (f) Aggressive automotive power profiles.

10 41. ***Resistance to Dendrites:*** For example, on December 8, 2020, QuantumScape issued a
 11 press release (filed on Form 8-K with the SEC) that included a slide deck titled “Next Generation
 12 Solid-State Batteries.” In this presentation, QuantumScape published a graph purportedly showing
 13 their solid-state separator material resisting dendrites at very high current density. Then, in a February
 14 2, 2021 interview with *The Mobilist*, Defendants Singh and Holme represented that in 2015, they had
 15 settled on an explanation for why lithium dendrites grow—something which had eluded the industry
 16 for years. According to Singh, the Company has developed a material which suppresses dendrite
 17 growth on solid-state separators in the laboratory and has been working to scale up this technology to
 18 a commercially viable product.

19 42. The Scorpion Capital Report questioned the validity of QuantumScape’s claims, noted
 20 that “[d]endrites form as lithium is subjected to a continuous current over a period of time – and of
 21 course batteries must operate for continuous periods to do useful things like power a car.” The
 22 Scorpion Capital Report further accused QuantumScape of “cheat[ing] by ‘pulsing’ the current –
 23 applying current, stopping, applying current, stopping again – which is not how batteries operate in
 24 the real world.” One of the solid-state experts, as quoted in the Scorpion Capital Report, stated: “That
 25 is not how batteries are operated in the field. Pulsing helps to solve the dendrite problem because as
 26 temperature goes up during the resting period, lithium metal will even out because it melts at a very
 27 low temperature. When you pulse, the resistance increases and the temperature increases. As the cells

1 rests [sic], the lithium smooths out. I don't know what other tricks they played during the resting
 2 period. We're curious."

3 43. The Scorpion Capital Report further revealed that the reported results of the Company's
 4 dendrites test also used an artificially high temperature of 45 degrees Celsius (113 degrees
 5 Fahrenheit)—versus the typical 30 degrees Celsius—approaching the melting point of lithium which
 6 operates to make it harder for dendrites to form in the first instance. Moreover, the Scorpion Capital
 7 Report highlighted that the size of the cells used in the dendrites test was not disclosed—a notable
 8 omission, as dendrite risk grows as surface area increases, and just one dendrite can fail a cell.

9 44. The Scorpion Capital Report further quoted former QuantumScape employee (No. 5)
 10 as saying “[The CEO's dendrites claim] is a ***bunch of bullshit . . . That's definitely bullshit . . .***
 11 [I]t's not going to be representative of what you will see in an actual cell . . . this is just not going to
 12 hold good at all.”

13 45. ***Operation in Low Temperatures:*** QuantumScape's December 8, 2020 presentation
 14 included QuantumScape's boasts that its batteries were capable of “Extreme low temperature
 15 operation” and that “[s]ignificant capacity is accessible even at -30° Celsius [-22° Fahrenheit].” The
 16 Morin Report, however, cast doubt on the Company's claims that their products were functional in
 17 cold weather. Based on reported voltage drops, Dr. Morin opined that he estimated a “50 - 80% loss
 18 in range during cold months” and that the power and cycle tests that were run at warmer temperatures
 19 “would have been significantly worse if run even a few degrees lower.”

20 46. Former QuantumScape employees quoted in the Scorpion Capital Report expanded and
 21 corroborated the theories advanced in the Morin Report, stating that QuantumScape's claims of low
 22 temperature operation were “not plausible.” One former employee stated, “[t]hat's definitely
 23 ***something that they could not have achieved***” and that the Company ***could not get the operating***
 24 ***temperatures below 75° Celsius (168° Fahrenheit)***. Another employee opined that a chart purporting
 25 to show that QuantumScape's batteries performed better at low temperatures than conventional
 26 batteries was “not something I'm going to buy” and that it appeared that the Company “just picked
 27 some data that would represent something and put it in the deck.”

1 47. **Charging:** The Scorpion Capital Report—like the Morin Report before it—disputed
 2 QuantumScape’s claim that its prototype cell achieves an 80% charge within fifteen minutes.
 3 QuantumScape failed to disclose the battery size (*i.e.*, actual capacity), rendering the claim essentially
 4 meaningless if the battery has virtually no energy. A battery expert contributing to the Scorpion Capital
 5 Report estimated QuantumScape’s single-layer pouch cell at only 200 mAh—less than a Duracell
 6 hearing aid battery (650 mAh), to say nothing of powering a vehicle. Moreover, two former employees
 7 noted that fast charging the batteries in this fashion would quickly degrade the battery life.

8 48. **Long Battery Life To 1000+ Charge/Discharge Cycles:** QuantumScape claimed in its
 9 December 8, 2020 presentation that the Company’s battery can be charged 1,000 times (which equals
 10 300,000 driving miles) with greater than 80% energy retention. The Morin Report questioned
 11 QuantumScape’s representations regarding energy density, noting that while the Company claimed to
 12 reach 400 Watt-hours per kilogram (Wh/kg), “they clearly have not yet, as all their graphs are
 13 normalized to 100%, not to an actual capacity.”

14 49. The Scorpion Capital Report quoted leading experts who similarly criticized the
 15 Company’s data, elaborating that QuantumScape concealed the capacity of the battery it tested, and
 16 only provided discharge energy percentage. According to a solid-state battery expert, this reporting
 17 method raises “[d]efinite red flag[s]” because it does not conform to industry standards or report “how
 18 much capacity is left[.]” The expert noted that the “Department of Energy doesn’t even allow cycle
 19 life data this nebulous” because companies are “not allowed to use percentages.” When the expert
 20 used QuantumScape’s data to calculate the actual capacity of the Company’s prototype, it revealed
 21 that it was “about 1/3 the capacity of a typical hearing aid battery[,]” meaning “QuantumScape
 22 claim[ed] to exceed the ‘commercial target’ for cycle life for an electric vehicle battery – but by
 23 cycling a battery with a microscopic capacity.”

24 50. **Life Cycles at Low Temperatures:** QuantumScape’s December 8, 2020 presentation
 25 also included a chart that implied that its batteries had a long life cycle and out-performed conventional
 26 liquid Lithium-ion batteries in cold conditions. The Morin Report faulted QuantumScape’s claims
 27
 28

1 about battery life, noting that the Company reported its batteries' ability to complete 100 cycles at -10
 2 degrees Celsius in terms of *one fifth and one third of the battery's actual capacity*.

3 51. The Scorpion Capital Report introduced significant new evidence further contradicting
 4 QuantumScape's claims that its products had long life cycles at low temperatures. According to a
 5 solid-state materials researcher quoted in the Scorpion Capital Report, the chart was misleading as it
 6 purported to show that the batteries exhibited more than 100% of their discharge energy. According
 7 to this expert, this would only be possible if the batteries' respective discharge energies were not
 8 measured against their actual discharge capabilities, *but some arbitrarily lower figure*. The expert
 9 found the chart was also misleading because any statistical variation that might have been present was
 10 obscured by the scale of the Y-axis, saying “[i]f you plot the data like this, that means they don't want
 11 us to see the statistical variations.” Finally, the expert found that QuantumScape's omission of
 12 Coulombic efficiency was “a huge red flag” because it concealed how the Company's battery
 13 performance diminishes through its life cycle.

14 52. *Aggressive Automotive Power Profile*: QuantumScape also claimed in its December
 15 8, 2020 presentation that the Company's cell had an “aggressive automotive power profile” based on
 16 a simulation of a cell powering a car on a track. The Morin Report noted, however, that QuantumScape
 17 performed 1200 circuits of a 90 second original equipment manufacturer (“OEM”) specified track
 18 simulations, “which pulled pulses of 6C.” According to the Morin Report, this meant that “the battery
 19 will only last for 260 [full-depth-of-discharge] FDOD cycles or about 75,000 miles of aggressive
 20 driving[,]” making it “completely unacceptable for real world field electric vehicle performance.”

21 53. Experts quoted in the Scorpion Capital Report highlighted how QuantumScape's
 22 experimental methods were faulty because they utilized a pulsed current. According to one solid-state
 23 expert, “nobody in our field” uses data this way. According to another solid-state battery researcher,
 24 the Company's methods were “ridiculous” and “a huge problem” because the Company was pulsing
 25 in five to ten second intervals, rather than delivering a constant current for an extended time as required
 26 when operating in real world conditions. The researcher questioned QuantumScape's use of the track
 27 simulation, asking “what kind of battery application uses pulsing for a few seconds? When you operate
 28

1 devices, you are drawing on constant current for a long time.” The researcher continued to question
 2 the Company’s approach, noting “They don’t follow any protocols that are commonly adopted in the
 3 field. What does discharge energy percentage mean? What’s the denominator? What’s on top? And
 4 how is this comparison made?” The researcher also noted that “nobody in our field is using this type
 5 of protocol to show data[.]”

6 54. Following its publication, the Scorpion Capital Report immediately sent
 7 QuantumScape common stock tumbling from \$40.85 on April 14, 2021 to close at \$35.85 on April
 8 15, 2021—a decline of 12.24%, on unusually heavy volume of 59 million shares traded. As the market
 9 digested this and related news, the Company’s share price continued to decline due to articles about
 10 the Scorpion Capital Report. By April 19, 2021, the Company’s share price stock fell even further to
 11 \$31.62, representing a 22.6% decline since its publication.

12 **APPLICABILITY OF PRESUMPTION OF RELIANCE**
 13 **(FRAUD-ON-THE-MARKET DOCTRINE)**

14 55. Plaintiff and the Class (as defined below) are entitled to a presumptions of reliance
 15 under *Affiliated Ute* and *Basic* because the claims asserted herein against Defendants are predicated
 16 in large part upon omissions of material fact for which there was a duty to disclose.

17 56. Plaintiff is also entitled to the presumption of reliance established by the fraud-on-the-
 18 market doctrine, in that, among other things:

- 19 (a) Defendants made public misrepresentations or failed to disclose material facts
 during the Class Period;
- 20 (b) The omissions and misrepresentations were material;
- 21 (c) QuantumScape publicly traded securities traded in an efficient market;
- 22 (d) The misrepresentations alleged would tend to induce a reasonable investor to
 misjudge the value of QuantumScape publicly traded securities; and
- 23 (e) Plaintiff and other members of the Class purchased QuantumScape publicly
 traded securities between the time Defendants misrepresented or failed to disclose
 material facts and the time the true facts were disclosed, without knowledge of
 the misrepresented or omitted facts.

57. At all relevant times, the market for QuantumScape publicly traded securities was efficient for the following reasons, among others: (a) as a regulated issuer, QuantumScape filed periodic public reports with the SEC; and (b) QuantumScape regularly communicated with public investors *via* established market communication mechanisms, including through the regular dissemination of press releases on major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts, and other similar reporting services.

LOSS CAUSATION

58. During the Class Period, as detailed herein, Defendants made false and misleading statements and engaged in a scheme to deceive the market and a course of conduct that artificially inflated the prices of QuantumScape publicly traded securities and operated as a fraud or deceit on Class Period purchasers of QuantumScape publicly traded securities. As Defendants' misrepresentations and fraudulent conduct became apparent to the market on January 4, 2021 and April 15, 2021, the price of QuantumScape publicly traded securities fell precipitously, as the prior artificial inflation came out of the securities. As a result of his purchases of QuantumScape publicly traded securities during the Class Period, Plaintiff and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

SCIENTER

59. As alleged herein, Defendants acted with scienter since Defendants either knew or were reckless in not knowing that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew or were reckless in not knowing that such statements or documents would be issued or disseminated to the investing public; and knowingly or with deliberate recklessness substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. The Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding QuantumScape, their control over, and/or receipt and/or modification of QuantumScape's allegedly materially misleading misstatements and/or their associations with the Company which made them

privy to confidential proprietary information concerning QuantumScape, participated in the fraudulent scheme alleged herein.

60. In addition, the Defendants were motivated to artificially inflate the value of their holdings in QuantumScape, as certain lock-up agreements precluding their ability to sell common stock, were scheduled to expire on or around April 24, 2021.

61. Further, according to an April 8, 2021 Form 4 filed with the SEC, Defendant Singh sold 257,552 shares of Class A common stock on April 6, 2021 at a weighted average price of \$49.45 per share, for total proceeds of approximately \$12,735,946. The sale, according to the Form 4, was intended “to cover tax obligations on the release of restricted stock units (‘RSUs’).”

62. As set forth in an April 8, 2021 Form 4 filed with the SEC, Defendant Holme sold 32,289 shares of Class A common stock on April 6, 2021 at a weighted average price of \$49.45 per share, for total proceeds of approximately \$1,596,691. As with Defendant Singh’s sale, the Form 4 represented that the sale was intended “to cover tax obligations on the release of restricted stock units (‘RSUs’).”

CLASS ACTION ALLEGATIONS

63. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all purchasers of QuantumScape publicly traded securities during the Class Period (the “Class”). Excluded from the Class are Defendants and their families, the officers and directors of the Company, at all relevant times, members of their immediate families, and the legal representatives, heirs, successors or assigns of any of the foregoing and any entity in which Defendants have or had a controlling interest.

64. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, QuantumScape publicly traded securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by QuantumScape and/or its transfer agent and may be notified of the

1 pendency of this action by mail, using the form of notice similar to that customarily used in securities
 2 class actions.

3 65. Plaintiff's claims are typical of the claims of the members of the Class as all members
 4 of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is
 5 complained of herein.

6 66. Plaintiff will fairly and adequately protect the interests of the members of the Class and
 7 has retained counsel competent and experienced in class and securities litigation.

8 67. Common questions of law and fact exist as to all members of the Class and predominate
 9 over any questions solely affecting individual members of the Class. Among the questions of law and
 10 fact common to the Class are: (a) whether the Exchange Act was violated by Defendants as alleged
 11 herein; (b) whether statements made by Defendants misrepresented material facts about the business
 12 and operations of QuantumScape; and (c) to what extent the members of the Class have sustained
 13 damages and the proper measure of damages.

14 68. A class action is superior to all other available methods for the fair and efficient
 15 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
 16 damages suffered by individual Class members may be relatively small, the expense and burden of
 17 individual litigation make it impossible for members of the Class to individually redress the wrongs
 18 done to them. There will be no difficulty in the management of this action as a class action.

19 69. The market for QuantumScape's securities was open, well-developed, and efficient at
 20 all relevant times. As a result of these materially false and/or misleading statements, and/or failures to
 21 disclose, QuantumScape's securities traded at artificially inflated prices during the Class Period.
 22 Plaintiff and other members of the Class purchased or otherwise acquired QuantumScape's securities
 23 relying upon the integrity of the market price of the Company's securities and market information
 24 relating to QuantumScape and have been damaged thereby.

25 70. During the Class Period, Defendants materially misled the investing public, thereby
 26 inflating the price of QuantumScape's securities, by publicly issuing false and/or misleading
 27 statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set
 28

forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about QuantumScape's operations and prospects as alleged herein.

71. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about QuantumScape's operations and prospects.

72. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was gradually revealed.

NO SAFE HARBOR

73. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as “forward-looking statements” when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements.

74. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the

1 forward-looking statement was authorized or approved by an executive officer of QuantumScape who
 2 knew or recklessly disregarded that the statement was false when made.

3 **FIRST CLAIM**

4 **Violation of Section 10(b) of The Exchange Act and
 5 Rule 10b-5 Promulgated thereunder
 Against All Defendants**

6 75. Plaintiff repeats and realleges each and every allegation contained above as if fully set
 7 forth herein.

8 76. During the Class Period, Defendants disseminated or approved the false statements
 9 specified above, which they knew or deliberately disregarded were misleading in that they contained
 10 misrepresentations and failed to disclose material facts necessary in order to make the statements
 11 made, in light of the circumstances under which they were made, not misleading.

12 77. Defendants violated § 10(b) of the Exchange Act and Rule 10b-5 in that they: (a)
 13 employed devices, schemes and artifices to defraud; (b) made untrue statements of material fact or
 14 omitted to state material facts necessary in order to make the statements made, in light of the
 15 circumstances under which they were made, not misleading; or (c) engaged in acts, practices and a
 16 course of business that operated as a fraud or deceit upon Plaintiff and others similarly situated in
 17 connection with their purchases of QuantumScape publicly traded securities during the Class Period.
 18 All Defendants are sued either as primary participants in the wrongful and illegal conduct charged
 19 herein or as controlling persons as alleged below.

20 78. Defendants directly and indirectly, by the use, means or instrumentalities of interstate
 21 commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal
 22 adverse material information about QuantumScape's financial well-being and prospects as specified
 23 herein.

24 79. Defendants employed devices, schemes, and artifices to defraud, while in possession
 25 of material adverse non-public information and engaged in acts, practices, and a course of conduct as
 26 alleged herein in an effort to assure investors of QuantumScape's value and performance and
 27 continued substantial growth, which included the making of, or the participation in the making of,

1 untrue statements of material facts and/or omitting to state material facts necessary in order to make
 2 the statements made about QuantumScape and its business operations and future prospects in light of
 3 the circumstances under which they were made, not misleading, as set forth more particularly herein,
 4 and engaged in transactions, practices, and a course of business which operated as a fraud and deceit
 5 upon the purchasers of the Company's securities during the Class Period.

6 80. Defendants had actual knowledge of the misrepresentations and/or omissions of
 7 material facts set forth herein or acted with reckless disregard for the truth in that they failed to
 8 ascertain and to disclose such facts, even though such facts were available to them. Such material
 9 misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect
 10 of concealing QuantumScape's true financial condition and prospects from the investing public and
 11 supporting the artificially inflated price of its securities. As demonstrated by Defendants'
 12 overstatements and/or misstatements of the Company's business, operations, financial well-being, and
 13 prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the
 14 misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by
 15 deliberately refraining from taking those steps necessary to discover whether those statements were
 16 false or misleading.

17 81. As a result of the dissemination of the materially false and/or misleading information
 18 and/or failure to disclose material facts alleged herein, the market price of QuantumScape's securities
 19 was artificially inflated during the Class Period. Relying directly or indirectly on the false and
 20 misleading statements made by Defendants, or upon the integrity of the market in which the securities
 21 trades, and/or in the absence of material adverse information that was known to or recklessly
 22 disregarded by Defendants, but not disclosed in public statements by Defendants during the Class
 23 Period, Plaintiff and the other members of the Class acquired QuantumScape's securities during the
 24 Class Period at artificially high prices and were damaged thereby.

25 82. Had Plaintiff and the other members of the Class and the marketplace known the truth
 26 regarding the problems that QuantumScape was experiencing, which were not disclosed by
 27 Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired
 28

their QuantumScape securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

83. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

Violation of Section 20(a) of the Exchange Act Against the Individual Defendants

84. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

85. The Individual Defendants acted as controlling persons of QuantumScape within the meaning of § 20(a) of the Exchange Act. By reason of their positions with the Company, and their ownership of QuantumScape common stock, the Individual Defendants had the power and authority to cause QuantumScape to engage in the wrongful conduct complained of herein.

86. By virtue of their high-level positions, their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

87. In particular, the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

88. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment as follows:

A. Determining that this action is a proper class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as a Class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Lead Counsel;

B. Awarding compensatory damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. Awarding such equitable/injunctive or other relief as deemed appropriate by the Court.

JURY TRIAL DEMANDED

Plaintiff demands a trial by jury.

Respectfully submitted,

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